

**LODI CITY COUNCIL
SHIRTSLEEVE SESSION
CARNEGIE FORUM, 305 WEST PINE STREET
TUESDAY, SEPTEMBER 16, 2008**

A. Roll Call by City Clerk

An Informal Informational Meeting ("Shirtsleeve" Session) of the Lodi City Council was held Tuesday, September 16, 2008, commencing at 7:03 a.m.

Present: Mayor Pro Tempore Hansen, Council Member Hitchcock, Council Member Johnson, and Council Member Katzakian

Absent: Mayor Mounce

Also Present: City Manager King, City Attorney Schwabauer, and City Clerk Johl

B. Topic(s)

B-1 Presentation of Economic Development/Job Creation/Owner Participation Policies and Procedures (CM)

City Manager King provided a PowerPoint presentation regarding the Lodi Community Improvement Project. He specifically discussed three-year budget projections for housing set-aside and other programs; other program budgets including jobs, owner participation agreements, economic development, capital projects, facilities, and administration; housing set-aside budgets; and housing set-aside programs including residential paint up/fix up, senior housing, transitional youth, infill first-time home buyers, and administration. Mr. King also discussed policy considerations for direct subsidy of private development in the project area, constructing public improvements without specific development proposals, funding advanced prior to construction or completion versus reimbursed after project completion, what the funding is to be used for, the availability of funds for financing, funds made available as grants or loans, funding for projects that increase assessed valuation only versus more jobs without new tax revenue, funding based on actual improvements versus capped funding amount, and whether assistance can be requested after project completion.

In response to Mayor Pro Tempore Hansen, Mr. King confirmed that the funds may be used for an economic development position and it is common to fund an economic coordinator position from redevelopment.

In response to Mayor Pro Tempore Hansen, Mr. King stated that the car dealer exception exists because some cities were using redevelopment to create large auto mall for sales tax generation and relocating the car dealerships from one community to another in the project area that was not previously urbanized.

In response to Council Member Johnson, Mr. King stated that there is not much property that is not already urbanized in the project area except maybe some areas along Guild Avenue.

In response to Council Member Hitchcock, Mr. King confirmed that the purpose of the redevelopment is to reinvest in the project area to create ongoing tax generation from assessed values.

In response to Council Member Hitchcock, Mr. King stated the Council could decide as a policy decision to provide some combination of grants and loans versus one or the other only. Mr. King stated something to consider also through these programs is the creation of increased assessed values versus job creation.

In response to Mayor Pro Tempore Hansen, Mr. King stated a loan program would see a return on the initial investment because the City would provide stimulation in tax increment and get the initial loan money back to invest in another project.

In response to Council Member Hitchcock, Mr. King confirmed that a heavy grant program that does not increase assessed valuation, especially in the beginning, will not be effective in the long run because of the lack of ongoing tax increment generation.

In response to Council Member Johnson, Interim Community Development Director Rad Bartlam confirmed that there was a former program that provided some incentive when local businesses would meet particular criteria in job creation.

In response to Council Member Hitchcock, Mr. King stated that, with respect to a formula, 20% is taken from the top for housing set-aside and the recommendation will be to take the remaining funding on a project case-by-case basis, which gives consideration to various factors including assessed valuation and job creation.

In response to Council Member Hitchcock, Mr. King stated that, while staff did look at a formula, the case-by-case basis appears to be more favorable because of prevailing wage considerations. He stated other jurisdictions have also reverted to the same and discontinued programs such as facade improvements due to the prevailing wage piece.

In response to Mayor Pro Tempore Hansen, Mr. King stated that, while capital projects and facilities improvements are not intended to help with assessed valuation so much, they provide general benefit to the community.

In response to Council Member Hitchcock, Mr. King stated the projection is that there will be approximately \$300,000 available in the other project category for 2009-10.

In response to Council Member Johnson, Mr. King stated the City could participate with Habitat for Humanity with respect to infill first-time home buyers assistance; although, there are generally some deed restrictions and property appreciation limitations.

In response to Mayor Pro Tempore Hansen, Mr. King stated as programs for redevelopment are adopted they may also be listed as incentives with respect to the enterprise zone activities. He stated that, while they are separate programs, the boundary areas for both are similar and promotion and administration areas may be connected as well.

In response to Myrna Wetzel, Mr. King stated increases in assessed value could come from both larger scale improvements to existing structures or complete tear down and construction of a new building.

In response to Council Member Hitchcock, Mr. King stated the property tax amount will remain the same and it will be up to the Council on whether or not to take the pass through that comes to agencies, including the County and school district. City Attorney Schwabauer stated each agency gets a percentage share of the growth and the City and Agency can take their share as well.

In response to Cliff DeBaugh, Mr. King stated the base year was fiscal year 2007 and the first year increment will be received in the 2009-10 year. Mr. King stated the City will see the increase right away but there is a two-year lag to actually receive the money.

In response to Myrna Wetzel, Mr. King stated the process for creating the redevelopment project is complete, with the exception of the potential referendum. He stated aspects of approval

through the Planning Commission and the application and permitting process all remain the same. Mr. King stated the only difference is that redevelopment may now actually provide some assistance to projects in the area.

C. Comments by Public on Non-Agenda Items

None.

D. Adjournment

No action was taken by the City Council. The meeting was adjourned at 8:04 a.m.

ATTEST:

Randi Johl
City Clerk

B-1



CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Presentation of Economic Development/Job Creation/Owner Participation Policies and Procedures

MEETING DATE: September 16, 2008

PREPARED BY: City Manager

BACKGROUND INFORMATION: On August 26, 2008 the Council was provided proposed Policies and Procedures for a Residential Paint Up – Fix up Program funded through redevelopment.

This Shirtsleeve presentation will continue with providing proposed policies and procedures related to new programs for job creation/economic development/owner participation programs funded through tax increment revenue.

Staff will provide a three-year budget projection and review the purpose, use of funds, eligibility, funding limits, application procedure, and restrictions for funds intended to stimulate economic activity and job creation.

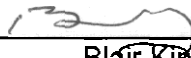
Attached are proposed policies and procedures in draft form.

FISCAL IMPACT: The fiscal impacts of adopting the proposed programs will depend upon the amount of resources the Council commits to the program and its success in stimulating economic development. The proposed programs are self-funding. The program and policies expand the tax base which creates more revenue that allows the new revenue to be reinvested in additional job creation and economic expansion.



Blair King, City Manager

Attachments

APPROVED: 

Blair King, City Manager

CITY OF LODI REDEVELOPMENT AGENCY

POLICIES AND PROCEDURES OWNER PARTICIPATION ASSISTANCE

PURPOSE: Pursuant to the objectives of the Lodi Community Improvement Project, Owner Participation Agreements (OPAs) will provide financial assistance to rehabilitate structures, develop new facilities, encourage private investment, improve the tax base, promote commercial and industrial development, and create employment.

USE OF FUNDS: Reimburse costs to rehabilitate existing and develop new commercial, retail, or industrial property located within the boundaries of the Lodi Community Improvement Project. In addition to construction expenses, funds may be used to reimburse fees, permits, "impact fees," mitigation fees, architectural and design fees, infrastructure costs, off-site improvements, parking lots, equipment costs, fixtures and furnishings, façade improvements, and land acquisition costs. Priority will be given to projects requesting off-site improvements owned by the city/agency upon completion, such as public parking lots, sewer/water lines, electric facilities, street improvements, etc. Note: some forms of assistance may trigger state prevailing wage requirements.

ELIGIBILITY: The project must result in increased assessed valuation. The site must be within the boundaries of the Lodi Community Improvement Project. A financial gap must be demonstrated that prevents a reasonable return on investment. Assistance must be requested prior to the issuance of the Certificate of Occupancy. The Agency will not offer assistance to relocate automobile dealerships or big box retailers within the Lodi market area nor to develop automobile dealerships or big box retailers on any parcel five acres or larger that has not been previously developed for urban use. The Agency will not offer assistance for acquisition, construction, or improvement for gambling or gaming sites.

FUNDING LIMITS: Funding shall be analyzed based upon the return to the city/agency in increased property value, taxes (including sales, transient occupancy, and business licenses), job creation, and the ability to eliminate crime, and stimulate other economic development activity. Funding limits shall be negotiated on a case-by-case basis contingent upon the benefits and financial return to the city/agency.

APPLICATION PROCEDURE: Potential participants shall complete a project information summary that will include, but is not limited to, the following information: project description, estimated full value of property after improvements, total estimated payroll, total square footage created, estimated cost detail, and proposed financing.

Staff will summarize the project information and seek the Agency's approval to enter into negotiations for the purpose of drafting an OPA (step one). If the Agency should grant its consent, an OPA will be negotiated (step two). The draft OPA will be presented to the Agency for approval or modification (step three).

RESTRICTIONS: Funds provided directly to an owner/developer will be provided on a reimbursement basis only. Reimbursements will be made upon Certificate of Occupancy or other acceptable documentation of project completeness. Assistance must be requested prior to the issuance of a Certificate of Occupancy. Owner must expressly agree to nondiscrimination and nonsegregation that shall run with the land with regard to sale, lease, sublease, use, enjoyment or occupancy.

FEES: There is no application fee for the Owner Participation Program. All other city permit and application fees apply.

September 9, 2008

CITY OF LODI REDEVELOPMENT AGENCY

THREE YEAR REVENUE PROJECTION 2009 – 2010; 2010 – 2011; 2011 – 2012

FISCAL YEAR 2009-2010:

Housing Set Aside:	\$ 100,000
Other Programs:	\$ 300,000

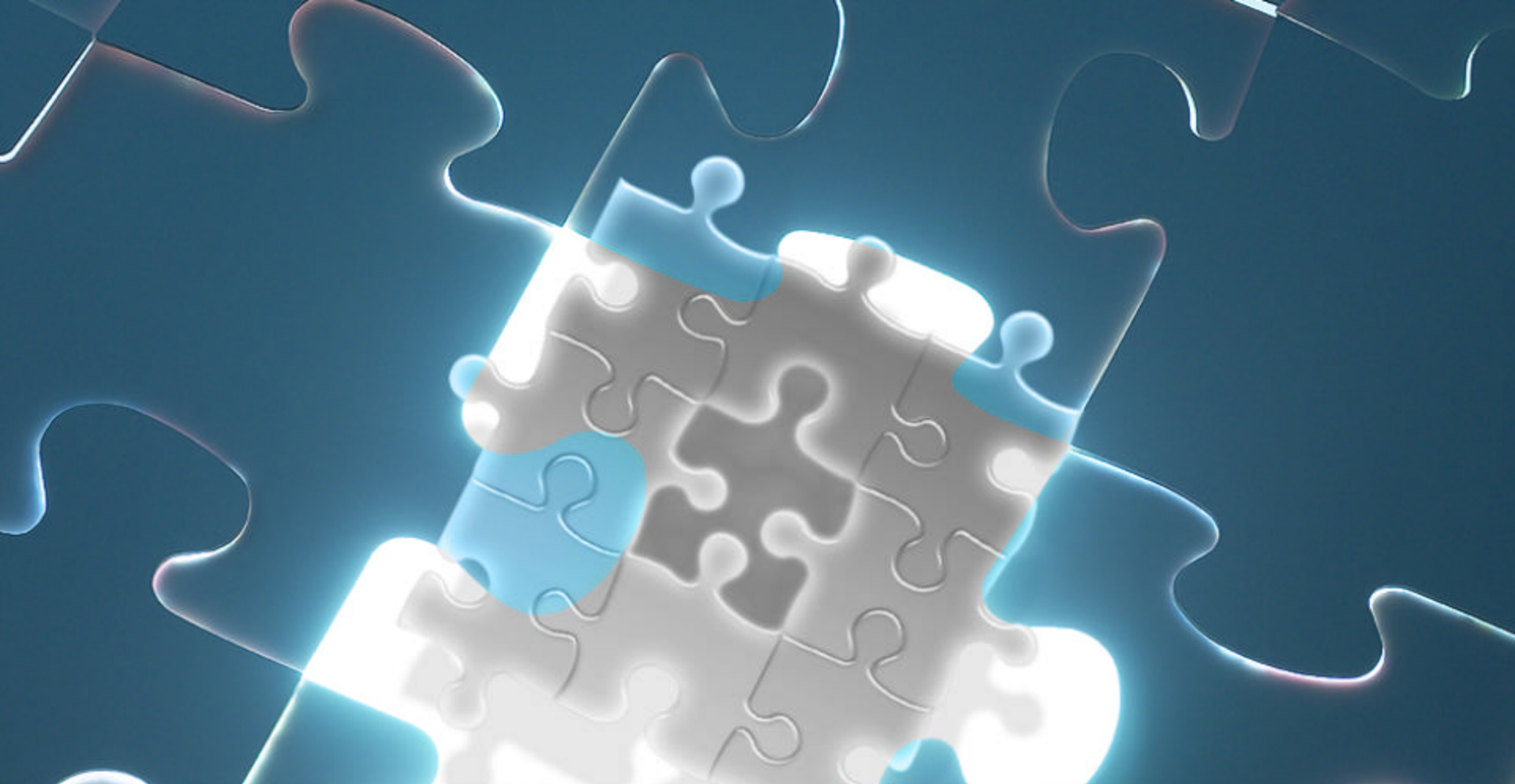
FISCAL YEAR 2010-2011:

Housing Set Aside:	\$ 225,000
Other Programs:	\$ 700,000

FISCAL YEAR 2011-2012:

Housing Set Aside:	\$ 390,000
Other Programs:	\$1,213,000

September 15, 2008



Lodi Community Improvement Project

Sept. 16, 2008 Shirtsleeve session



Lodi Community Improvement Project

Three-year budget projection

FY 2009-2010:

- Housing Set-Aside: \$100,000
- Other Programs: \$300,000

FY 2010-2011:

- Housing Set-Aside: \$225,000
- Other Programs: \$700,000

FY 2011-2012:

- Housing Set-Aside: \$390,000
- Other Programs: \$1,213,000



Lodi Community Improvement Project

“Other Programs” budget FY 2009-10

Jobs/OPA/Economic Development: **\$270,000**

- Promotion \$30,000
- Owner Participation Agreements \$240,000

Capital Projects

- Water Meter Program
- Lodi Avenue
- Cherokee Lane Rehabilitation

Facilities

- Grape Bowl
- Library
- Loel Senior Center

Administration:

\$30,000

Total

\$300,000



Lodi Community Improvement Project

“Other Programs” FY 2010-11

Jobs/OPA/Economic Development: **\$330,000**

- Promotion \$30,000
- Owner Participation Agreement \$300,000

Capital Projects: **\$150,000**

- Water Meter Program
- Lodi Avenue
- Cherokee Lane Rehabilitation

Facilities: **\$150,000**

- Grape Bowl
- Library
- Loel Senior Center

Administration: **\$70,000**

Total **\$700,000**



Lodi Community Improvement Project

“Other Programs” FY 2011-12

Jobs/OPA/Economic Development: **\$561,000**

- Promotion \$30,000
- Owner Participation Agreements \$531,000

Capital Projects: **\$265,500**

- Water Meter Program
- Lodi Avenue
- Cherokee Lane Rehabilitation

Facilities: **\$265,500**

- Grape Bowl
- Library
- Loel Senior Center

Administration: **\$121,000**

Total **\$1,213,000**



Lodi Community Improvement Project

Housing Set-Aside budgets FY 2009-10

● Residential Paint-Up Fix-Up:	\$90,000
● Senior Housing:	
● Transitional Youth:	
● Infill First-Time Home Buyers:	
● Administration:	\$10,000
Total	\$100,000



Lodi Community Improvement Project

Housing Set-Aside FY 2010-11

- Residential Paint-Up Fix-Up: \$90,000
- Senior Housing: \$112,500
- Transitional Youth:
- Infill First-Time Home Buyers:
- Administration: \$22,500

Total

\$225,000



Lodi Community Improvement Project

Housing Set-Aside FY 2011-12

- Residential Paint-Up Fix-Up: \$90,000
- Senior Housing: \$261,000
- Transitional Youth:
- Infill First-Time Home Buyers:
- Administration: \$39,000

Total

\$390,000



Lodi Community Improvement Project

Policy considerations

Tax Increment Incentive Programs for:

- Jobs
- Owner Participation Agreements
- Economic Development



Lodi Community Improvement Project

Policy consideration No. 1

Should the City support economic development by:

- Direct subsidy of private development within the Project Area?
- Constructing public improvements without a specific development proposal?

Proposed policy:

- Provide direct financial assistance to private development on a case-by-case basis.
- Have other funds available for public improvements.



Lodi Community Improvement Project

Policy consideration No. 2

Should funds be advanced prior to construction or completion, or reimbursed upon completion of the project?

Proposed policy:

Reimbursed, except if the City is constructing publicly owned infrastructure in support of the development



Lodi Community Improvement Project

Policy consideration No. 3

What can funds be used for?

Proposed policy:

- Broad range of development costs, except financing.
- Priority for projects that result in the city/agency constructing a publicly owned off-site improvements.
- Legal limitations on some businesses: Gambling, big box retailers and automobile dealerships relocated from other communities on previously undeveloped parcels of five acres or larger



Lodi Community Improvement Project

Policy consideration No. 4

Should funds be available for financing?

Proposed policy:

Funds are available on a reimbursement basis for almost all development costs except financing



Lodi Community Improvement Project

Policy consideration No. 5

Should tax increment funds provided for economic development be made as grants or loans?

Proposed policy:

Provide grants that result in increased assessed valuation (could create a separate loan program) if applicant demonstrates a financial gap.



Lodi Community Improvement Project

Policy consideration No. 6

- Should funds be available only for projects that result in increased assessed valuation?
- Could funds be used for projects that do not produce additional tax increment but result in more jobs without new tax revenue?

Proposed policy:

Must result in increased assessed valuation



Lodi Community Improvement Project

Policy consideration No. 7

- Should the amount of funding be directly related to the amount of improvements?
- Should there be a hard cap on the amount of funding that any one project receives?

Proposed policy:

No funding limit. Funding limits to be negotiated on a case-by-case basis contingent upon the benefits and financial return to the City/agency



Lodi Community Improvement Project

Policy consideration No. 8

Can assistance be requested after the project is completed?

Proposed policy:

Assistance must be requested prior to Certificate of Occupancy